CALIFORNIA LEGISLATURE
1951 REGULAR SESSION

ANALYSIS OF THE BUDGET BILL
of the
STATE OF CALIFORNIA
for the
Fiscal Year July 1, 1951, to June 30, 1952

Report of the Legislative Auditor
to the
Joint Legislative Budget Committee

MEMBERS OF COMMITTEE

Senators
BEN HULSE, Chairman
HAROLD J. POWERS
ARTHUR H. BREED, JR.
J. HOWARD WILLIAMS
GEORGE HATFIELD

Assemblymen
MARVIN SHERWIN, Vice Chairman
GLENARD P. LIPSCOMB
SAM L. COLLINS
LLOYD W. LOWREY
JONATHAN J. HOLLIBAUGH

A. ALAN POST, Secretary
Legislative Auditor

HON. GOODWIN J. KNIGHT
Lieutenant Governor
President of the Senate

HON. HAROLD J. POWERS
President pro Tempore
of the Senate

HON. SAM L. COLLINS
Speaker of the Assembly
<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Alan Post</td>
<td>Legislative Auditor</td>
</tr>
<tr>
<td>Gilbert G. Lentz</td>
<td>Chief Administrative Analyst</td>
</tr>
<tr>
<td>Ernest E. Guffin</td>
<td>Senior Administrative Analyst</td>
</tr>
<tr>
<td>Wallace W. Kelso</td>
<td>Senior Administrative Analyst</td>
</tr>
<tr>
<td>F. Vernon Schweitzer</td>
<td>Senior Administrative Analyst</td>
</tr>
<tr>
<td>Robert M. Stelmack</td>
<td>Associate Administrative Analyst</td>
</tr>
<tr>
<td>William M. Siegel</td>
<td>Associate Administrative Analyst</td>
</tr>
<tr>
<td>George G. Clucas</td>
<td>Associate Administrative Analyst</td>
</tr>
<tr>
<td>William Young</td>
<td>Assistant Administrative Analyst</td>
</tr>
<tr>
<td>Nathan B. Keller</td>
<td>Senior Budget Analyst</td>
</tr>
<tr>
<td>Robert H. Reid, Jr.</td>
<td>Principal Systems Accountant</td>
</tr>
<tr>
<td>Donald A. McCallum</td>
<td>Assistant Financial Research Technician</td>
</tr>
<tr>
<td>Fred R. Lewe</td>
<td>Senior Research Technician</td>
</tr>
<tr>
<td>Lloyd L. Harris</td>
<td>Special Research Assistant</td>
</tr>
<tr>
<td>Frank M. Gay</td>
<td>Special Research Assistant</td>
</tr>
<tr>
<td>John H. Collins</td>
<td>Special Research Assistant</td>
</tr>
<tr>
<td>Fred S. Keating</td>
<td>Special Research Assistant</td>
</tr>
<tr>
<td>Clarence D. Alexander</td>
<td>Senate Auditor-Accountant</td>
</tr>
</tbody>
</table>
LETTER OF TRANSMITTAL

SACRAMENTO, CALIFORNIA, January, 1951

The Honorable Ben Hulse, Chairman
and Members of the Joint Legislative Budget Committee
State Capitol, Sacramento, California

Gentlemen: In accordance with your instructions and the provisions of Joint Rule 37 of the Senate and the Assembly creating the Joint Legislative Budget Committee, defining the duties of said committee and giving it authority to employ a Legislative Auditor, there is submitted herewith an analysis and report on the State Budget and Budget Bill for the Fiscal Year July 1, 1951, to June 30, 1952.

The duty of the committee in this respect is set forth in Joint Rule 37 as follows:

"It shall be the duty of the Committee to ascertain facts and make recommendations to the Legislature and to the houses thereof concerning the State Budget, the revenues and expenditures of the State, and of the organization and functions of the State, its departments, subdivisions and agencies, with a view of reducing the cost of the State Government, and securing greater efficiency and economy."

The staff of the committee has again this year followed the procedure of working closely with the staff of the Department of Finance and through the courtesy of the Director of the Department of Finance has attended all budget hearings of state agencies before the director. This procedure has enabled the staff of the committee to secure much more adequate information than would otherwise be the case, and we should at this time like to express our appreciation to the director and the members of his staff for their generous assistance and cooperation.

I should also like to express my own personal appreciation to the members of the committee staff who have again, with unusual conscientiousness and intelligence and with many hours of overtime, brought this analysis to completion in the short time that was available.

Respectfully submitted,

A. Alan Post
Legislative Auditor
PRELIMINARY STATEMENT

SCOPE OF ANALYSIS OF BUDGET AND BUDGET BILL

The detailed analysis which follows this preliminary statement covers only those items contained in the Budget Bill, or approximately one-third of the Governor's Budget. Other expenditures contained in the Budget are authorized by the Constitution or by statute and, therefore, do not require additional legislative action. Over a period of time, the proportion which the Budget Bill represents of the total Budget has become increasingly smaller, and the Legislature's ability to adjust the expenditure program of the State to changing conditions is, for that reason, becoming continually more narrowly restricted. In order that a more comprehensive picture may be presented of the total financial plan of the State, this preliminary statement summarizes the expenditures proposed in the Governor's Budget as well as the Budget Bill.

SIZE OF THE GOVERNOR'S BUDGET

The Governor's Budget for 1951-52 totals $1,016,883,000. This compares with a total budget figure for 1950-51 of $971,616,000 as originally proposed, and $994,600,000 as finally authorized by the Legislature, with final expenditures now estimated to rise to $1,092,700,000. The Budget Bill amounts to $335,640,000, or 33 percent of the Budget, the same percentage as last year.

The major expenditure items in the Budget classified by function are as follows:

Education—32 Percent

A total of $322,300,000, or approximately 32 percent of the total Budget, is budgeted for public schools, state colleges, universities, school district, special schools and services, libraries, teachers' retirement, and administration of the State Department of Education. Approximately 97 percent of this sum is to be expended from the General Fund.

Social Welfare and Public Health—18 Percent

A total of $183,200,000, or 18 percent of the total Budget, is estimated to be needed for the State's share of social welfare and public health programs for aid to needy children and aged and blind, crippled children, child welfare, tuberculosis, and support of departmental administration of the two departments. The entire amount, with the exception of one-half million dollars, is to be expended from the General Fund.

Highways, Streets, and Motor Vehicle Regulation—22 Percent

A total of $227,000,000, or 22 percent of the total Budget, is budgeted for support of highway and street maintenance and construction of state highways and in cities and counties, and for support of the California
Highway Patrol and the Department of Motor Vehicles. These expendi-
tures, with the exception of $8,500,000, are to be met chiefly from high-
way funds, motor vehicle funds and shared revenues. These costs are
supported by highway user revenues.

**Mental Hygiene—5 Percent**

A total of $50,900,000, or 5 percent of the total Budget, is budgeted
for departmental administration, maintenance and construction of
mental institutions, and expanded medical program. These expenditures
are to be met entirely out of the General Fund.

**Corrections—2.3 Percent**

A total of $23,400,000, or 2.3 percent of the total Budget, is appro­
priated for departmental administration, maintenance and construction
of correctional institutions, and expansion of services. The full amount
is to be met from the General Fund.

**Other Proposed Expenditures—20.7 Percent**

Other expenditures include the various other functions of State Gov­
ernment, including the Legislature, executive, general administration
and fiscal affairs, regulation of business and tax collection, conservation
of natural resources, military and veterans affairs, and other miscel­
naneous activities. These costs represent approximately $210,000,000, or
20.7 percent of the total Budget and are to be met from the General Fund
and various special funds.

The Budget is divided into three major sections: general operations
which includes the normal state functions; local assistance covering
grants made to cities and counties and other instrumentalities of the
State, and capital outlay. The general operations budget totals $308,133,-
266; local assistance $569,023,966; and capital outlay $139,725,770.

The greatest increase in the total Budget in recent years has taken
place in the local assistance portion of the Budget, particularly in those
programs which are fixed by the Constitution. Local assistance expendi­
tures increased from $145,000,000 in 1941-42 to $555,000,000 in 1950-51.
By comparison, the expenditures for state purposes only, exclusive of
capital outlay, expanded during the same period from $100,000,000 to
$272,700,000, despite the introduction of many new and expanded state
services. Whereas state operations increased the total cost of State Gov­
ernment by $172,700,000, local assistance added $410,000,000.

**General Operations of State Government**

Contrary to the trend of previous years, the greatest increase in
expenditures proposed in the Budget for 1951-52 over 1950-51 appears in
general operations, where an increase of $35,400,000 is proposed. Local
assistance, increasing primarily because of fixed charges for schools and
social welfare, is budgeted to exceed 1950-51 expenditures by $13,900,000,
while capital outlay reflects a decrease from $264,800,000 to $139,700,000.

The substantial increase in general operations of State Government
indicates that this is not a real economy Budget in the sense that the State
is restricting all nonessential activities as a contribution to the mobiliza­
tion effort. While it does not include a large number of new services, it
does include some, and generally provides for a normal expansion of all
established programs.
Local Assistance

A significant feature of the local assistance budget is not only that it is relatively inflexible or fixed, but that its size is largely determined by factors which increase automatically with growth in population. On the other hand, the Legislature, by liberalizing these programs beyond constitutional requirements, has added to the costs and could act to reduce the program to that extent. Similarly, the administration, through quasi-judicial and administrative action, has also increased costs beyond minimum requirements. For example, the Social Welfare Board acting under broad authority granted by the Legislature has liberalized the granting of aid to needy children and thereby increased the cost far beyond the cost of provisions which existed at the time that the aid to needy children law was amended to permit the board to take such action.

Capital Outlay

The amount which was included in the 1950-51 Budget for capital outlay represented almost entirely expenditures from the Postwar Employment Reserve, which was created out of excess revenues accumulated during the war and postwar years. The capital outlay Budget for 1951-52, on the other hand, is almost entirely from the General Fund and must be financed out of current revenues. This is a factor which acts to reduce the over-all budget figure without reflecting a corresponding reduction in the level of services rendered by State Government. This same factor inflated the total figure in recent years, while it understates the normal growth reflected in the Budget this time.

SIZE OF BUDGET BILL

The Budget Bill for 1951-52 amounts to $335,640,000, or an increase of $15,026,000 over the Budget Bill introduced by the Governor in the previous session for the 1950-51 Fiscal Year. The major factors of increase which the Legislature must consider in the Budget Bill are special salary and wage increases, price increases in certain foodstuffs and commodities and several new services included in the Budget Bill for the first time.

The most significant increases in the cost of food and supplies occur in the institutional budgets of the Departments of Mental Hygiene, Corrections and Youth Authority. In addition, a special emergency fund in the amount of $2,000,000 is being requested to provide for unanticipated price increases in foodstuffs and clothing.

Salary Increases

A Salary Increase Fund in the amount of $15,455,821 is requested from the General Fund to provide for pay increases to be made in the 1950-51 Fiscal Year and to make provision for salary increases (increased compensation resulting from increased salary ranges) to be established by the Personnel Board or other salary-fixing authority during the Fiscal Year 1951-52. Of this total an estimated $7,743,733 is required to project through 1951-52 the cost of increases granted during the current year, and $7,712,088 is requested to provide for additional salary increases during 1951-52. The cost to the several special funds, exclusive of the State Highway Fund, of the proposed salary adjustments is estimated at $3,886,986. This makes a total proposed expenditure of $19,342,807, from all funds except the State Highway Fund, for the Fiscal Year 1951-52.
The projected cost of increases to be made in the 1950-51 Fiscal Year is based on the approval of a deficiency appropriation of $3,679,652 which will provide an across-the-board increase of one step (5 percent) effective January 1, 1951, and the amount of $273,460 for additional special adjustments during the current year. The amount for further adjustments in 1951-52 would provide a second round increase averaging one step, or 5 percent, with an additional $500,000 for further special adjustments in certain classes.

The amount requested for the adjustment of salary ranges in the state civil service is based on the annual report on salaries of state employees submitted to the Governor and the Legislature by the Personnel Board. The total amount requested has been adjusted to include amounts sufficient to grant comparable percentage increases to employees exempt from the civil service and the University of California.

**Added Future Costs of New Services**

The new services which the Legislature will be asked to consider this session are relatively few in number, but large in ultimate cost. This is primarily due to the program of aid to the totally and permanently disabled which is estimated to cost $12,000,000 in state funds for the 1951-52 Fiscal Year and will increase to an annual cost to the State of $45,000,000 by 1954-55. Pursuant to Senate Resolution 20 and Assembly Resolution 35, Statutes of 1950, a complete report on this subject is being prepared by the Legislative Auditor and will be submitted as a separate report to the Legislature on March 8, 1951.

Other items included in this Budget which will ultimately involve substantial state costs include the placing of Child Care Centers on a permanent basis at a cost of $5,340,000 in 1951-52, with a requested deficiency appropriation for the period February 15, 1951, to July 1, 1951, totaling $1,800,000. While this item has appeared as a state expenditure since March 1, 1946, with $3,000,000 having been appropriated to cover the period July 1, 1950, to February 15, 1951, the program has heretofore been regarded primarily as an emergency item which arose out of the need to increase the labor force during World War II. The placing of this service on a permanent state-wide basis would ultimately increase the demands for the service in communities throughout the State which could not justify the program on an emergency basis. This is a problem which also involves the question of whether Child Care Centers are a cost which should be borne by state revenues on a state-wide basis or are more properly a local program which should be supported from local revenues. In our analysis of the Budget Bill Item for support of this function, we have recommended that the State should not assume this cost on a permanent basis.

New levels of service are being requested in this Budget for several functions in the Department of Industrial Relations. The Division of Apprenticeship Standards is requesting eight positions formerly paid from federal funds, at a cost of $57,873 in 1951-52 and an ultimate cost of $170,000 in 1955-56, based on the fact that the Federal Government will discontinue support for 30 positions by June 30, 1955. Whereas the Federal Government reduced its expenditures to reflect a decline in the number of veterans who will participate in on-the-job training under the G.I. Bill of Rights, the State has proposed to continue existing employees to perform added services.
The Division of Industrial Safety, Department of Industrial Relations, has requested an expanded program of safety inspectors "demanded by both management and labor" at an initial cost of $49,013, which will increase by 1955-56 to $80,000 for the same number of employees.

The Division of Housing in this department is requesting additional personnel to provide more adequate inspection of farm labor camps at an initial cost in 1951-52 of $31,926 and an ultimate cost for the same positions amounting to $48,000.

The Department of Education requests the expansion of a program for field rehabilitation services for the blind at a cost in 1951-52 of $71,050, an increase of $23,101 over the previous year to provide six added field workers. Eventually this program desires five more field workers.

The Department of Mental Hygiene is again asking for an increase in the level of service rendered in the mental hospitals and homes for the mental defectives. This amounts to a total of approximately $3,500,000 in new service. Since much of this is salaries and wages of added employees, the ultimate cost must take into account normal salary increases and possible future adjustments in the general level of salaries.

CHANGES IN FORM OF BUDGET BILL

This Budget Bill contains one significant change in form. This is in the method of appropriating for items of capital outlay. In the Budget Act of 1949 and 1950, each individual construction project was made the subject of a separately numbered line item. This limited the expenditure of funds to the particular project for which the appropriation was made, and prevented the transfer of funds from one project to another. Additional language in the Budget Act provided that any individual project savings should revert to the fund from which the appropriation was made. In the Budget Bill for 1951-52, a new procedure has been adopted which appropriates capital outlay money in lump sums for each institution, with project amounts listed in a lettered schedule as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>351</td>
<td>$1,240,000</td>
</tr>
</tbody>
</table>

In accordance with the following schedule:

(a) Site development to provide ground clearing, grading, utilities for all new buildings $186,500
(b) Construct central kitchen, dining room and commissary 531,000
(c) Construct two 50-girl dormitories 335,000
(d) Construct restricted detention building 187,500

Language in Section 5 of the Budget Bill, which heretofore has permitted transfer of funds with approval of the Director of Finance only between so-called object categories in support, i.e., salaries and wages, operating expenses and equipment, now would permit transfers between projects scheduled in each separate capital outlay item.

We do not believe that this change is desirable, but feel that the Legislature should continue the line item type of control which was in the 1949 and 1950 Budget Acts. Such line item control helps to secure certain desirable results. Primarily, it brings much needed pressure upon the
Division of Architecture to make more accurate and realistic estimates. So long as the amounts budgeted in each Budget Bill item are relatively small, with few projects included in each item, and if the Administration continues to maintain strict controls, there would exist, more or less, the same pressures on the architects to prepare realistic estimates. However, the larger the program the greater would be the pressures on the Director of Finance to permit transfers to use up savings. In every case, estimates already contain substantial contingencies, which lessen the argument against the inflexibility of line item control. Moreover, where general price trends indicate the need for additional sums to bring estimates in line with current construction costs, this can be done by legislation creating a price correction fund, as was done by the 1950 Special Session in Chapter 42. This latter method has advantages over the category transfer method in that it is not limited by the savings in the particular Budget Bill item, which may be largely dependent on the size of the projects included in the item. An item with only one project has no flexibility through transfer, yet may have relatively high need. The use of a contingency fund, and this might very well be created by pooling all contingency money now contained in individual project estimates, if placed under the control of the Director of Finance might permit the flexibility desired.

**SALARY SAVINGS**

In the process of preparing the Budget for 1951-52, there has been a significant change in the method of calculating salary savings for each of the departments. Although no single or consistent formula is used in the calculation of estimated salary savings for all of the departments, the method used by the Department of Finance in the past has been, by and large, to estimate savings based upon anticipated vacant positions while at the same time budgeting rather liberally for the estimated increased cost due to salary increments. This has led to rather consistent understatement of salary savings, particularly for the large departments where there is a considerable turnover factor. Experience in the past few years has shown that salary savings actually realized by the departments have been considerably more than amounts estimated as salary savings for budget purposes. This has meant that to the extent that salary savings have been understated in the Budget, budgeted salary and wage cost of authorized and new positions has been overstated. Effort has been made by the Department of Finance this year to estimate salary savings on a much more strict basis and therefore reduce the net figure for estimated salary and wage cost of authorized and new positions, thus presenting a more accurate figure for estimated salary and wage cost.

From the standpoint of budgeting, this is a commendable improvement inasmuch as it will have several desirable results.

1. It will present a more accurate picture of the estimated salary and wage cost.

2. It will reduce funds which might otherwise be available to departments for reclassifications, salary adjustments, and even new positions during the year for which the budgets are prepared, and will permit more strict line item control by the Department of Finance.
3. For 1952-53, it should make for better comparison between budgeted amounts and actual expenditures by the departments.

However, it should be pointed out that for any year in which a considerable change in the method of calculating salary savings is made, strict comparability between the budget requests for this year and for last year is effected. To increase the estimates of salary savings will have the effect of reducing the cost of normal increases due to salary increments and thereby makes a more favorable showing for the department, from a comparative standpoint, than would be the case if salary savings had been estimated on the same basis as for last year. In some cases the increase in estimated salary savings for departments has been sufficient to offset entirely the normal increases which occur in salaries and wages. A random illustration of this is the budget for the Department of Insurance, where normal salary increases of $17,242 are completely offset by an increase of $22,600 in budgeted salary savings. In the budget for the Department of Mental Hygiene salary savings are increased by $1,047,760.

No figure has been compiled as to the total amount of salary savings budgeted for last year and as contained in the 1951-52 Budget. However, an indication of the extent of the change in policy can be seen from the following tabulation which has been made up of a sample of departments whose combined salary budget totals about $80,000,000.

Comparison of Estimated Salary Savings as Contained in the 1950-51 Budget With Salary Savings Estimated for the 1951-52 Fiscal Year Taken From Selected Functions Within Eleven Selected Agencies in the State Operations Support Budgets.

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Positions budgeted</th>
<th>Estimated salary savings</th>
<th>Percent of cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Cost</td>
<td>Positions</td>
</tr>
<tr>
<td>1950-51</td>
<td>21,179.3</td>
<td>$72,416,842</td>
<td>492.1</td>
</tr>
<tr>
<td>1951-52</td>
<td>22,848.2</td>
<td>$79,587,659</td>
<td>1,034.8</td>
</tr>
</tbody>
</table>

It will be seen from the table above that, when the Budget was presented last year, approximately 2 percent of the entire cost of salaries and wages was estimated for salary savings. In the budget for the coming fiscal year, salary savings for the same departments have been increased to 4.7 percent of the total salaries and wages. It will be seen that this situation not only affects comparability in the budgets for individual departments as between the two years but also affects the total estimated budget cost. When it is considered that approximately $185,000,000 is the salary and wage cost for the state operations part of the Budget, the increase in salary savings indicated above will reduce that cost by approximately $5,000,00 from what the figure would have been on the basis of last year’s budget policy. Again it should be pointed out that this situation does not better the position of departments nor will it decrease actual expenditures (except, possibly, by savings through stricter budgeting of salary savings), but it does have the effect of reducing estimated departmental expenditures in comparison with last year’s budget statement and takes savings at the beginning of the budget year which, in the past, have been taken in departmental appropriation lapses at the end of the budget year.

We bring this to the attention of the Legislature not with the intent of being critical of the Department of Finance for the change in policy as to the budgeting and estimating of salary savings, because, as has been
stated previously, the change represents sound budget policy. The change should be taken into consideration, however, in making comparisons with last year's departmental requirements, particularly as to "normal increases" for salary increments.

ADDITIONAL GENERAL ECONOMIES POSSIBLE

Economies Possible in Automobile Operation

The 1950 Legislature inserted sections 15, 15.5, and 17.5 in the Budget Act of 1950, these sections dealing with the purchase and operation and control of all state automotive equipment. Under this section, the Automotive Management Section was established in the Department of Finance and the Director of Finance made responsible for certain control activities under the act.

The rules and regulations that are now in effect covering the use of state vehicles were formulated by the Management Analysis Section, Department of Finance, and copies in the form of circular letters were forwarded to all departments of the State.

The first year cost of setting up and operating the Automotive Management Section is $19,861.

After three months of operation under Section 17.5, the Automotive Management Section prepared a report which shows considerable saving to the State, although a complete report is not available at this time, due primarily to the fact that the gasoline companies have not completed their audits.

The Automotive Management Section reported that since July 1, 1950, the date upon which Section 17.5 became operative, 11 cars were reassigned from 7 departments, at considerable saving to the State.

The volume of gasoline sold through the State Garage in Los Angeles and Sacramento showed a substantial drop over comparable figures for the previous year, Los Angeles showing a 45 percent drop, while Sacramento sales were down 16 percent.

The storage of state vehicles at the Los Angeles and Sacramento State Garages have been near capacity since July 1, 1950. The Los Angeles garage reports little increase since July 1, 1950, over the number of vehicles stored prior to that date. However, the number of storage tags issued in July, 1950, decreased 28 percent under June, 1950, and 26 percent when compared with July, 1949. On the other hand, Sacramento facilities showed an increase of storage tags issued from 8,704 in June, 1950, to 13,185 for July, 1950. This increase is due primarily to additional parking space for overnight parking.

State garage or parking lot facilities have been assigned to operating agencies for the storage of 3,140 vehicles. Sufficient storage space has been made available for all state cars in Sacramento and considerable space has been assigned in Los Angeles. State garage or other overnight storage facilities are still inadequate in Los Angeles, San Francisco, and most other major cities.

On the basis of information available at this date the Department of Finance believes it is not economically sound to attempt to garage every state car. However, where state garage facilities are available, a complete assignment of that space is being made. As shown in a report by the
Automotive Management Section, in the Sacramento area garaging facilities have been increased from 200 vehicles to nearly 500. More than 200 vehicles which prior to July 1, 1950, never were housed in state facilities and therefore are largely presumed to have been driven home-to-office are now parked at night under state supervision.

Experience under the controls provided by the above mentioned sections in the Budget Act of 1950 has indicated the need for certain relatively minor modifications. However, we believe that the procedures established and the experience thereunder have demonstrated the usefulness and need for controls of this type. Nevertheless, centralized controls are not and cannot be the ultimate complete solution to this problem. We have always maintained that ultimate control rests in the various administrators and it has only been because of the fact that these administrators have failed in their duties that it was necessary for the Legislature to place specific limitations in the Budget Act. We do not believe that the time has come to abandon these controls and would recommend that similar controls be placed in the Budget Act unless adequate legislation accomplishing the same objective is enacted prior to passage of the Budget Bill.

Economies in Telephone Operations

Pursuant to a request by the Senate Finance Committee following recommendations made by this office in our previous Analysis that the Department of Finance should establish simple and uniform procedures for recording the use of telephones in long distance calls, the Department of Finance took action establishing such a procedure. Experience under this procedure has been of too short duration to establish conclusive findings. However, its operation should be very carefully watched to determine whether the procedure is sound and adequate and whether expected savings are being secured. There is no question but that substantial savings can be effected in this particular item of operating expense, and in those cases where the Legislature reduced agency budgets by specific amounts for long distance telephone expenses that the savings were effected without injury to the agency and by the application of much improved procedures. There will be places in this analysis where we will again make specific recommendations for reductions in telephone costs.

Audit Reports Used for Basis of Budget Analysis

In our previous analysis of the Budget and Budget Bill, we recommended that there was a continuing need for follow-up by management on recommendations made in audit reports prepared by the Division of Audits, Department of Finance. In the current fiscal year considerable improvement has been effected in this respect and the results in many instances have been noticeable. Correspondingly, the Division of Audits is increasing the number of audits made and this information is thereby becoming increasingly more valuable to management and to the staff of the Budget Committee in evaluating the effectiveness of the Administration.

Establishment of Centralized Equipment Pools

We again recommend the establishment of centralized equipment pools in Sacramento, Los Angeles, and San Francisco under the direction
of the Division of Purchases. These equipment pools could effect sub-
stantial savings in the purchase, rental, repair and servicing of office 
equipment.

In this connection we recommend a threefold program:
1. Establish centralized equipment pools in Sacramento, Los Angeles 
and San Francisco.
2. Eliminate service contracts and repair service on office equip-
ment, and place such service in the centralized pools.
3. Establish repair units in prison industries for the repair of all 
office furniture and equipment.

By the establishment of centralized equipment pools, surplus equip-
ment of one agency could be made available in the pool for purchase by 
another agency in need of such equipment.

Office equipment approved for replacement would be sent to the 
centralized equipment pools. These machines with minor repairs could 
be transferred to other agencies—such as institutions and colleges where 
these machines could be used for instructional purposes. At present these 
machines are being sold at considerably less than their real value.

Some state agencies buy or rent office machines to meet seasonal peak 
loads. As a result, when machines are purchased, they are standing idle 
for the major portion of the time, and when machines are rented, the cost 
of rental exceeds the purchase of a new machine in five years. Through 
the centralized equipment pool, these machines could be shifted from one 
agency to another thereby realizing a substantial saving.

It is estimated that there are approximately 7,000 machines under 
service contract at a minimum charge of $8.75 per annum. This service 
contract calls for minor adjustments and periodical cleaning. This work 
could be done in the centralized pools at a much lower cost. This work 
is presently being done in Sacramento where a sizeable savings is being 
realized.

For major repair of machines we recommend that this work be done 
by prison industries. The minimum cost of overhauling a typewriter is 
$18. Although there are no actual figures as to the number of machines 
sent in the State for overhaul, indications are that there are a large 
number. Prison industries have expressed themselves very favorably 
on this program. This would serve as a rehabilitation program and at 
the same time save the state money.

It is estimated that by adopting this program, the State would save 
approximately $100,000 per year.

POLICY FOLLOWED IN RECOMMENDATIONS

The policy which we have followed in making recommendations on 
the Budget Bill is similar to that employed in our previous analysis. This 
policy is to recommend against new services unless the value of those 
services to the State is such that it is clear that the public welfare and 
safety would be impaired by failure to receive the services or that the 
ultimate economy in operation of State Government would not be served 
unless these new services are brought into being at this time. Our recom-
mandations are directed to avoid the imposition of new taxes, although 
the unexpected upsurge in state revenues following upon the war in 
Korea has made it relatively easy for the Governor to present a balanced
Budget without the need for additional state taxes. The continuing need for emphasis upon economy is, therefore, not so much directed toward maintaining a balanced budget in 1951-52 as it is to prevent the introduction of new services which will ultimately increase in cost, and to reserve state resources, both financial and manpower, to accomplish the tremendous task of mobilizing the Nation's resources to resist possible aggression.

The primary financial problem which this country faces today in connection with the financing of the mobilization effort is to accomplish this objective without serious inflation. The only way in which this can be done is to stop all types of spending which are non-essential to the defense program. This in turn makes necessary and advisable heavy encroachments into private spending by increased federal taxes. We should remember that non-essential state expenditures are just as inflationary as non-essential personal expenditures. It is no more a time for government as usual than it is a time for business as usual or pleasure as usual. Although proposed increases in this Budget are for the most part relatively modest, there has not been reflected in the Budget any departure from the government as usual standards of state service. Despite the fact that it has been stated that regular State Government services will be subordinated to the needs of the overwhelming civil defense program, no such policy of retrenchment in state services is reflected in this Budget.

The item by item portion of this analysis was prepared before many of the proposals for civil defense were made public. The recommendations which we have made have therefore been geared to an economy Budget, not a Budget of retrenchment. However, if it is necessary that the people of the State are called upon to support the very large expenditure program for civil defense which has been suggested by the Governor and the Office of Civil Defense, a policy of retrenchment in state expenditures is unquestionably called for, and not only should a study be made of the specific programs which can be deferred or cut back to make way for civil defense, but in addition to these specific examples, we would recommend that as a matter of policy all state agencies carry out a retrenchment program in normal operating expenses under their control.

**REVENUE ESTIMATES**

Under the provisions of Section 34, Article IV of the Constitution which provides that the Governor shall prepare a Budget showing the total expenditure program of the State, it is provided that the Governor shall indicate the source of revenues sufficient to cover expenditures. To provide for the $1,016,883,002 budgeted for expenditure in 1951-52, the Governor estimates that there will be $969,680,898 in revenues plus beginning balances in the General and other funds adequate to secure a balanced Budget. These revenues are composed of $328,647,278 in Special and Reserve Fund revenues and $641,033,620 in General Fund revenues. The General Fund revenues are the principal matter for consideration by the Legislature, and for that reason we have made a brief analysis of the basis for these estimates.

For the Fiscal Year ending June 30, 1950, General Fund revenues were estimated at $554,000,000 and yielded $545,000,000 on the basis of cash receipts into the General Fund as reported by the Controller. At the
time of presenting those estimates, the Nation was in a period of decreasing prices and reduced sales and incomes caused by keener competition and the filling of normal demands for durable and other goods. It is now apparent that economic changes during the last half of 1950 have greatly changed the revenue picture as it was viewed at the time of the meeting of the Legislature last year. Sales have run to an unprecedented high, particularly during the third quarter of 1950, and indications of corporation earnings and net incomes during 1950 are that increased revenues will be received from these sources. At the present time it seems likely that General Fund revenues for the current fiscal year will reach approximately $620,000,000, whereas they were estimated for budget purposes at $568,000,000. However, not all of this is net gain, because special session legislation and increased prices and population have increased General Fund expenditures to approximately $601,000,000 as compared to original budget estimated expenditures of $582,000,000.

In preparing revenue estimates for the Fiscal Year 1951-52, the State is faced with greater revenue uncertainties than have been faced in any of the past six or seven years. The extreme changes in business and economic conditions during the past six months and the uncertainties as to exact policy and effective date of wage and price controls and production for defense mobilization add to the uncertainties that are normally faced, and leave a wide range between the possible high and the possible low revenue estimates.

We have participated in conferences with representatives of the Department of Finance and the Controller’s office in which careful attention has been given to revenue estimates and basic assumptions which have led to revenue estimates, and we are in substantial accord with the revenue estimates which are presented in the Budget.

Even though there are many uncertainties, we believe that the estimates which have been presented for the major tax sources are reasonably within the realm of possibility and are entirely valid for budget purposes. These revenue collections for the Fiscal Year 1951-52 are determined, by and large, by business conditions and incomes during the 1951 calendar year. The major assumptions which have been used in estimating revenues for the 1951-52 Fiscal Year are as follows:

1. For the year 1951, it is assumed that there will be full employment, full industrial production, using all existing plant facilities in the State of California and considerable new plant facilities. Although industrial activity is not expected to be at the same comparative level as for the years 1941 and 1942 in California, it is not assumed that a program of decentralization of war plants from coast areas will seriously or immediately affect production levels.

2. It is assumed that there will be inaugurated during the year 1951 both wage controls and price controls as has been indicated by the President as national policy. Wage controls will be largely offset by full employment and by longer work weeks and overtime pay and will be likely to have greater effect in 1952 than in 1951. Likewise it is assumed that there will be price controls to the extent of considerably slowing the rate of increase in the price index but not to the extent of an actual reversal of the price trend during the year 1951.
3. It is assumed that the level of income payments to individuals in California will continue to rise through the calendar years 1951 and 1952, including increases in the total amount and per capita amount of salaries and wages to individuals, and that salaries and wages will constitute a greater portion of income going to individuals than in 1950. For the year 1949, income payments to individuals were at approximately the same level as in 1948 and totaled $17,005,000,000. At the present time, indications are that the comparable figure for the calendar year 1950 will be approximately $18,250,000,000. This increase, already indicated, will affect both sales and personal and corporate income to be received for the current and budgeted fiscal year. Where income payments to individuals increased by approximately $1,250,000,000 for 1950, it is assumed that they will increase by approximately $1,500,000,000 for 1951 and by $800,000,000 for 1952.

4. It is assumed that federal taxes will take a greater share of gross income for both 1951 and 1952 and that consumer credit, which has been considerably expanded for 1949 over 1948 and for 1950 over 1949, will be successively contracted for 1951 and 1952, decreasing by $187,000,000 and $310,000,000 in these years respectively.

Sales Tax

Sales tax collections for the third quarter of 1950 were at an unprecedented level, totaling slightly over $100,000,000. Although there were general increases in most business categories, the abnormal increase in automobile sales, sales of household furniture and building materials indicates the extent to which buying in that quarter was "scare buying" affected by the prospect of shortages, further credit controls and further price increases. In comparison with the same quarter of last year, new and used automobile sales were up 42 percent, household appliances up 67 percent, household furnishings up 41 percent, building materials up 60 percent, contracting up 38 percent, and automobile supplies up 53 percent.

Not only were increases in these categories unprecedented in comparison with the same quarter of last year, but it has been a characteristic of sales for the past several quarters that sales in the categories most immediately affected by "scare buying" have constituted an unusually large percentage of total sales. Where the group of categories mentioned above constituted 30 percent of total sales during the fiscal year ending in June, 1949, they constituted 40 percent of total sales in the third quarter of 1950. Automobile sales alone increased from 12 to 17 percent of total sales between the two periods.

Normally the fourth quarter is the highest quarter of the year in sales tax collections, constituting approximately 28 percent of the total. For the current year, it is not contemplated that collections in the fourth quarter will reach as high in comparison with fourth quarter of last year. However, monthly collections of sales tax and other indicators, such as department store sales, offer evidence that the fourth quarter may be close to the third quarter in collections. These conditions lead to a prospect of revenue of $373,000,000 for the current fiscal year. The estimate for the 1951-52 Fiscal Year is predicated on a further increase of less than 1 percent, which appears reasonable.
An analysis of the relationship between taxable sales in the State of California and income payments to individuals reveals that, where this relationship is normally about 64 percent for taxable sales as a percentage of state income payments, for the war years 1942 to 1945, inclusive, the average percentage relationship was 42.5 percent. During those years, even though taxable sales dropped considerably from the normal in relationship to income payments, sales tax collections continued to increase by large amounts. This was because of the rapidly growing population during those years and the abnormal increase in income payments. In the estimates of sales tax revenues which are presented by the Department of Finance, it has been assumed that taxable sales will bear approximately a 61 percent relationship to income payments. It should be pointed out that if, during the year 1951 or for the last three quarters of 1951 and the first quarter of 1952, conditions comparable to those in the war years should prevail, sales tax collections alone could be less by as much as $50,000,000 than the amount estimated for the Fiscal Year 1951-52.

Other Major Tax Sources

Alcoholic beverage revenue at $3,813,000 for 1950-51 and $3,868,000 for 1951-52, is based upon estimates of increased consumption of distilled spirits and decreased consumption of wine, with only a slight change in beer consumption.

Franchise tax revenue estimates each year are based upon a questionnaire sent to a selected list of corporations representative of all types of business and constituting the bulk of taxable net incomes in the State. The questionnaires indicate that the tax base for 1950 incomes will exceed 1949 by approximately 25 percent. It is estimated that there will be a further increase of approximately 9 percent for 1951. These, translated to fiscal year revenue, indicate revenue collections of $67,345,000 for 1950-51 and $99,152,000 for 1951-52.

Personal income tax revenue estimates are based upon self-assessed tax (exclusive of adjustments and office assessment) of $62,600,000 for 1950 income and $72,500,000 for 1951 incomes. Translated into revenue for the fiscal year these indicate collections of $65,900,000 and $71,500,000 respectively.

Departmental revenues are expected to increase only slightly and income from interest on investments will be down because of the reduction of General Fund surplus and other funds, the interest for which has accrued to the General Fund.

General Fund revenue from the motor vehicle (in lieu) tax is governed by the amount of interest and retirement on highway bonds for the years estimated. The increase in pari-mutuel revenue to the General Fund is because of the termination of a three-year period in which $9,000,000 was diverted to the Wildlife Restoration Fund. Total revenue from the pari-mutuel system is anticipated to continue the decline that has been experienced for the past several years.

Estimated revenues for the General Fund by source are shown in the following table.
### Estimated General Fund Revenues

<table>
<thead>
<tr>
<th></th>
<th>Actual 1949-50</th>
<th>Estimated 1950-51</th>
<th>Estimated 1951-52</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer and wine excise</td>
<td>$3,599,601</td>
<td>$3,815,000</td>
<td>$3,868,000</td>
</tr>
<tr>
<td>Distilled spirits excise</td>
<td>12,538,339</td>
<td>14,708,000</td>
<td>14,106,000</td>
</tr>
<tr>
<td>Bank and corporation franchise</td>
<td>74,546,361</td>
<td>97,945,000</td>
<td>99,132,000</td>
</tr>
<tr>
<td>Gift tax</td>
<td>1,234,707</td>
<td>1,000,000</td>
<td>1,250,000</td>
</tr>
<tr>
<td>Pari-mutuel</td>
<td>28,191</td>
<td>3,059,233</td>
<td>3,550,400</td>
</tr>
<tr>
<td>Inheritance tax</td>
<td>18,631,686</td>
<td>20,500,000</td>
<td>21,500,000</td>
</tr>
<tr>
<td>Insurance taxes</td>
<td>23,285,219</td>
<td>23,447,129</td>
<td>25,541,000</td>
</tr>
<tr>
<td>Private car tax</td>
<td>910,945</td>
<td>690,655</td>
<td>670,000</td>
</tr>
<tr>
<td>Motor vehicle (in-lieu) tax</td>
<td>2,888,875</td>
<td>2,813,500</td>
<td>2,738,125</td>
</tr>
<tr>
<td>Retail sales tax</td>
<td>321,674,356</td>
<td>373,975,000</td>
<td>376,175,000</td>
</tr>
<tr>
<td>Personal income tax</td>
<td>60,471,784</td>
<td>65,900,000</td>
<td>71,500,000</td>
</tr>
<tr>
<td>Interest on investments</td>
<td>11,281,898</td>
<td>5,327,986</td>
<td>4,176,091</td>
</tr>
<tr>
<td>Departmental revenues and miscellaneous</td>
<td>14,331,641</td>
<td>16,808,004</td>
<td></td>
</tr>
</tbody>
</table>

$545,414,129 $620,266,592 $641,033,220

### Change in Method of Presenting Revenues

In the Budget presented for the 1951-52 Fiscal Year, it will be noted that a change has been made in the method of counting revenue collections both for the current fiscal year and for the fiscal year ending June 30, 1950. In the past, revenue collections, both actual and estimated, have been presented (with slight modifications) on the basis of cash collections as they are cleared into the Treasury to the credit of the General Fund. This has been true for all of the larger tax sources, the modification from strict cash reporting being mainly in the category of departmental revenues which have been counted, in some instances, on the basis of departmental rather than treasury receipts or accruals of these receipts. The latter modification, however, affects only a small percentage of the total. It accounts for the difference, however, in the revenue collection figure as reported by the Controller and as reported by the Department of Finance. Beginning this year the Department of Finance presents as a revenue figure taxes and other receipts on a cash-in-agency basis, using departmental figures rather than the figure of actual treasury receipts as reported by the Controller. The adjustment is made for the current fiscal year and for the prior fiscal year in order to permit comparability.

This method of presenting revenue collections is not seriously objectionable and has some technical advantages from the standpoint of the Department of Finance. However, it should be pointed out that the change will have some consequences which should be recognized by the Legislature. Chief of these are:

1. Between revenue collections as collected by the Department and as cleared into the Treasury there is always a certain amount in transit. This may at any one time amount to as much as $10,000,000. During any year in which the method of reporting is changed from the cash basis to the agency basis, there will be a gain by the amount which is in transit between these two points. As an illustration of this change, General Fund revenue originally estimated by the Department of Finance for the Fiscal Year 1949-50 was $554,000,000. Actual collections reported by the Controller as tax and other revenue receipts credited to the General Fund up to June 30, 1950, were $545,000,000. The difference between these two figures would normally represent a revenue deficiency. However, if the basis for reporting is changed, this deficiency is reduced. Actual General Fund revenue for the 1949-50 Fiscal Year is counted by the
Department of Finance as $551,240,969, or $5,826,840 greater than reported by the Controller. The gain in revenue derived from changing the method of reporting can, of course, be counted only once, but it should be pointed out that this gain enters into the calculation of the General Fund condition and budget balance presented in this Budget.

2. This method of reporting revenue will make it more difficult to reconcile revenue statements, inasmuch as it will not correspond with the Controller's statement of cash collections for any given fiscal year. Furthermore, revenue collection figures on this basis, either for actual or estimated, will be more difficult to secure, since only the Department of Finance normally will have access to all of the figures as to departmental tax collections and miscellaneous revenue receipts to June 30th. Revenue collections on this basis are not in the hands of the Controller.

GENERAL FUND BALANCE

In the Budget which was presented last year, it was estimated that there would be a General Fund balance of $14,729,492 at the end of the 1949-50 Fiscal Year and $2,251,586 at the end of the 1950-51 Fiscal Year. As has been indicated in the accompanying text, this picture was changed by (a) changes in the Budget Bill and expenditure program, (b) appropriations by special sessions, (c) increased costs due to price and population increases, and (d) increased revenues.

In the Budget which is submitted this year, the General Fund balance is stated to be $32,715,642 at the end of the 1949-50 Fiscal Year, and estimated to be $51,794,420 at the end of the 1950-51 Fiscal Year, and $20,736,277 at the end of the 1951-52 Fiscal Year. The General Fund expenditure program for the 1951-52 Fiscal Year exceeds estimated revenues for that fiscal year by $33,179,645. The difference is financed by the favorable General Fund balance at the beginning of the fiscal year.

This is the fourth consecutive year in which the Budget as presented is based upon a General Fund expenditure program greater than the amount of current revenues estimated for the year. A statement of General Fund expenditures and revenues as presented in the Budget for each of these years is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure Program</th>
<th>Estimated Revenues</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951-52</td>
<td>$674,213,265</td>
<td>641,083,020</td>
<td>$33,179,645</td>
</tr>
<tr>
<td>1950-51</td>
<td>582,680,909</td>
<td>568,722,374</td>
<td>$13,958,535</td>
</tr>
<tr>
<td>1949-50</td>
<td>619,575,098</td>
<td>571,993,782</td>
<td>$47,581,316</td>
</tr>
<tr>
<td>1948-49</td>
<td>552,059,284</td>
<td>488,270,632</td>
<td>$44,688,652</td>
</tr>
</tbody>
</table>
Although the Budget as presented this year is balanced in terms of current revenues plus available resources, it must be remembered that many of these resources were accumulated during the war years and immediately thereafter when building needs could not be met and manpower was limited in many departments. A few of the conditions which existed in 1942 to 1946 are reflected in this Budget, particularly a limited building program. Restricted state activity and the expectation of reserves for the resumption of normal capital outlay activity are not, however, a part of this Budget.
CONTENTS

LETTER OF TRANSMITTAL

PRELIMINARY STATEMENTS

LEGISLATURE

LEGISLATIVE COUNSEL BUREAU

CODE COMMISSION

COMMISSION ON UNIFORM STATE LAWS

SUPREME COURT

JUDICIAL COUNCIL

COURTS

EXECUTIVE

Governor

Office of Civil Defense

Lieutenant Governor

GENERAL ADMINISTRATION

Employees' Retirement System

Commission on Interstate Cooperation

Personnel Board

Secretary of State

AGRICULTURE

Agriculture, Department of

Poultry Improvement Commission

CORRECTIONS

Corrections, Department of

Prisons

Adult Authority

Board of Trustees, Institution for Women

Youth Authority

EDUCATION

Education, Department of

Child Care Centers

Vocational Education

Vocational Rehabilitation

Library, California State

State Colleges

Maritime Academy

School for the Blind

School for the Deaf, Berkeley

Page

v

vii

5

5

6

7

7

8

10

13

15

20

21

22

23

26

28

39

41

55

91

94

96

138

148

149

154

156

157

169

172

173

(1)
<table>
<thead>
<tr>
<th><strong>CONTENTS—Continued</strong></th>
<th><strong>Page</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EDUCATION—Continued</strong></td>
<td></td>
</tr>
<tr>
<td>School for the Deaf, Riverside</td>
<td>175</td>
</tr>
<tr>
<td>Schools for Cerebral Palsied Children</td>
<td>176</td>
</tr>
<tr>
<td>Training Center for Adult Blind</td>
<td>177</td>
</tr>
<tr>
<td>Industrial Workshop for the Blind</td>
<td>178</td>
</tr>
<tr>
<td>State Blind Shop</td>
<td>179</td>
</tr>
<tr>
<td>Teachers’ Retirement</td>
<td>181</td>
</tr>
<tr>
<td>University of California</td>
<td>182</td>
</tr>
<tr>
<td>Hastings College of Law</td>
<td>183</td>
</tr>
<tr>
<td><strong>FISCAL AFFAIRS</strong></td>
<td></td>
</tr>
<tr>
<td>Control, Board of</td>
<td>184</td>
</tr>
<tr>
<td>Controller, State</td>
<td>185</td>
</tr>
<tr>
<td>Equalization, Board of</td>
<td>191</td>
</tr>
<tr>
<td>Finance, Department of</td>
<td>204</td>
</tr>
<tr>
<td>Franchise Tax Board</td>
<td>232</td>
</tr>
<tr>
<td>Treasurer, State</td>
<td>246</td>
</tr>
<tr>
<td><strong>HIGHWAY PATROL</strong></td>
<td></td>
</tr>
<tr>
<td><strong>INDUSTRIAL RELATIONS, DEPARTMENT OF</strong></td>
<td></td>
</tr>
<tr>
<td><strong>FIRE MARSHAL</strong></td>
<td></td>
</tr>
<tr>
<td><strong>INVESTMENT</strong></td>
<td></td>
</tr>
<tr>
<td>Banking, Division of</td>
<td>277</td>
</tr>
<tr>
<td>Building and Loan, Department of</td>
<td>278</td>
</tr>
<tr>
<td>Corporations, Division of</td>
<td>279</td>
</tr>
<tr>
<td>Insurance, Department of</td>
<td>280</td>
</tr>
<tr>
<td>Real Estate, Division of</td>
<td>281</td>
</tr>
<tr>
<td>Districts Securities Commission</td>
<td>283</td>
</tr>
<tr>
<td><strong>JUSTICE, DEPARTMENT OF</strong></td>
<td></td>
</tr>
<tr>
<td><strong>MENTAL HYGIENE, DEPARTMENT OF</strong></td>
<td></td>
</tr>
<tr>
<td><strong>MILITARY AFFAIRS</strong></td>
<td></td>
</tr>
<tr>
<td>Adjutant General and National Guard</td>
<td>314</td>
</tr>
<tr>
<td>California Cadet Corps</td>
<td>317</td>
</tr>
<tr>
<td><strong>MOTOR VEHICLES, DEPARTMENT OF</strong></td>
<td></td>
</tr>
<tr>
<td><strong>NATURAL RESOURCES, DEPARTMENT OF</strong></td>
<td></td>
</tr>
<tr>
<td>Departmental Administration</td>
<td>322</td>
</tr>
<tr>
<td>Pacific Marine Fisheries Commission</td>
<td>324</td>
</tr>
<tr>
<td>Beaches and Parks, Division of</td>
<td>324</td>
</tr>
<tr>
<td>Fish and Game, Division of</td>
<td>330</td>
</tr>
<tr>
<td>Wildlife Conservation Board</td>
<td>339</td>
</tr>
<tr>
<td>Forestry, Division of</td>
<td>340</td>
</tr>
<tr>
<td>Mines, Division of</td>
<td>351</td>
</tr>
<tr>
<td>Oil and Gas, Division of</td>
<td>354</td>
</tr>
<tr>
<td>Soil Conservation Commission</td>
<td>355</td>
</tr>
<tr>
<td>Marine Research Committee</td>
<td>357</td>
</tr>
<tr>
<td>CONTENTS—Continued</td>
<td>Page</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>PROFESSIONAL AND VOCATIONAL STANDARDS, DEPARTMENT OF</td>
<td>358</td>
</tr>
<tr>
<td>HORSE RACING BOARD</td>
<td>377</td>
</tr>
<tr>
<td>PUBLIC HEALTH, DEPARTMENT OF</td>
<td>381</td>
</tr>
<tr>
<td>WATER POLLUTION CONTROL BOARD</td>
<td>392</td>
</tr>
<tr>
<td>PUBLIC UTILITIES COMMISSION</td>
<td>394</td>
</tr>
<tr>
<td>PUBLIC WORKS, DEPARTMENT OF</td>
<td>398</td>
</tr>
<tr>
<td>AERONAUTICS COMMISSION</td>
<td>408</td>
</tr>
<tr>
<td>COLORADO RIVER BOARD</td>
<td>410</td>
</tr>
<tr>
<td>HUMBOLDT BAY, BOARD OF HARBOR COMMISSIONERS FOR</td>
<td>410</td>
</tr>
<tr>
<td>RECLAMATION BOARD</td>
<td>411</td>
</tr>
<tr>
<td>WATER RESOURCES BOARD</td>
<td>412</td>
</tr>
<tr>
<td>SOCIAL WELFARE, DEPARTMENT OF</td>
<td>414</td>
</tr>
<tr>
<td>RECREATION COMMISSION</td>
<td>433</td>
</tr>
<tr>
<td>VETERANS' AFFAIRS, DEPARTMENT OF</td>
<td>435</td>
</tr>
<tr>
<td>VETERANS' HOME OF CALIFORNIA</td>
<td>440</td>
</tr>
<tr>
<td>WOMAN'S RELIEF CORPS HOME</td>
<td>443</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
<td>444</td>
</tr>
<tr>
<td>RESERVES FOR CONTINGENCIES</td>
<td>446</td>
</tr>
<tr>
<td>CAPITAL OUTLAY</td>
<td>453</td>
</tr>
<tr>
<td>LOCAL ASSISTANCE BUDGET</td>
<td>499</td>
</tr>
<tr>
<td>SAN FRANCISCO HARBOR COMMISSIONERS, BOARD OF</td>
<td>509</td>
</tr>
<tr>
<td>EMPLOYMENT, DEPARTMENT OF</td>
<td>511</td>
</tr>
<tr>
<td>BUDGETARY CONTROL</td>
<td>516</td>
</tr>
</tbody>
</table>